

# United Stores Corporation

*First Report to Stockholders*

*Period Ended June 30, 1930*



**UNITED STORES CORPORATION**  
**44 West 18th Street**  
**New York City**

**First Report to Stockholders**  
**Period ended June 30, 1930**

July 30, 1930.

To the Stockholders of  
**UNITED STORES CORPORATION:**

There is presented herewith the first Report of United Stores Corporation to its stockholders for the period from the organization of the Corporation to June 30, 1930, comprising the following statements certified by Messrs. Price, Waterhouse & Co.:

Balance Sheet as at June 30, 1930.

Balance Sheet as at December 31, 1929, the end of the first fiscal period.

Statement of Capital and Initial Surplus from date of organization to December 31, 1929 and from then to June 30, 1930.

Statement of Deficit from date of organization to December 31, 1929 and from then to June 30, 1930.

There are also appended for your information the balance sheets of Tobacco Products Corporation and United Cigar Stores Company of America as at December 31, 1929 giving effect as at that date to the reduction of capital of both these companies as approved by their stockholders at meetings on June 25, 1930 and May 28, 1930, respectively. These balance sheets also give effect to revaluations of assets subsequently effected by the directors of the companies as indicated thereon. With the balance sheets of these two companies are also reprinted, from their annual reports for 1929, their statements of profit and loss and surplus for that year.

By order of the Board of Directors,

FREDERICK K. MORROW,  
President.

**UNITED STORES CORPORATION**

BALANCE SHEET—JUNE 30, 1930

**ASSETS**

CASH .....	\$ 23,715.88
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**INVESTMENTS:**

United Cigar Stores Company of America, at that company's approximate book value per share on December 31, 1929:

Preferred—58,046 shares (30% of total) at \$100 each ....	\$ 5,804,600.00
Common ..... 629,236 shares	
Dividend certificates for Common stock.. 27,661.5 shares	
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Together ..... 656,897.5 shares	
(12.6% of total) at \$3.50 each.....	2,299,141.25

Note—75.1% of United Cigar Stores Company common stock is owned by Tobacco Products Corporation.

Tobacco Products Corporation, at that company's approximate book value per share on December 31, 1929:

Class A —1,244,005 shares (55% of total)	
Common —1,989,719 shares (60% of total)	
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Together —3,233,724 shares (58% of total) at \$9 each....	29,103,516.00

The Union Tobacco Company, at nominal values:

Class A —25,295 shares at \$1 each .....	25,295.00
Common— 8,130 shares at 50 cents each.....	4,065.00
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	37,236,617.25

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\$37,260,333.13

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**UNITED STORES CORPORATION**

BALANCE SHEET—JUNE 30, 1930

**LIABILITIES**

**NOTE PAYABLE TO BANK ON DEMAND.....** \$ 500,000.00

Secured by 6,000 shares United Cigar Stores Company of America Preferred stock and 35,000 shares Tobacco Products Corporation Class A stock

**ACCOUNTS PAYABLE:**

For organization expenses, etc..... 153,708.96

**CAPITAL AND INITIAL SURPLUS, per statement attached .....** \$36,641,026.04

Represented by:

\$6 Cumulative Convertible Preferred Stock, without par value, preferred over Class A and Common as to \$115 on dissolution:

Authorized—1,000,000 shares

Issued—351,910 shares\*

Note—Preferred dividends have accumulated from August 15, 1929.

Class A Stock without par value, convertible, preferred over Common as to \$4.20 per annum, non-cumulative, and as to \$75 on dissolution:

Authorized—5,000,000 shares

Issued—912,507-224/420 shares\*

Note—In lieu of other compensation, options running to August 1, 1934 have been granted the Corporation's principal executives to purchase 125,000 shares Class A Stock (including Warrants or their equivalent in Common Stock) at \$20 per share.

Common Stock, without par value:

Authorized—15,000,000 shares including 3,688,908 shares reserved for conversion of Preferred and Class A Stocks

Issued and held for issue—502,297-84/840 shares\* including 456,253-644/840 shares reserved for issue against Warrants attached to Class A Stock exchangeable on or after January 1, 1931

**DEFICIT, per statement attached.....** 34,401.87 

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 36,606,624.17

\* Including shares reserved against outstanding certificates of deposit and scrip.

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 \$37,260,333.13

**UNITED STORES CORPORATION**

BALANCE SHEET—DECEMBER 31, 1929

ASSETS

CASH .....	\$ 47,313.87
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ACCOUNT RECEIVABLE:

Refund receivable on listing fee.....	10,080.00
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INVESTMENTS:

United Cigar Stores Company of America, at that company's approximate book value per share on December 31, 1929:

Preferred—58,046 shares (30% of total) at \$100 each ....	\$ 5,804,600.00
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Common .....	623,073 shares
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Dividend certificates for Common stock..	24,288.4 shares
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Together .....	647,361.4 shares
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(12.3% of total) at \$3.50 each.....	2,265,764.90
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Note—75.1% of United Cigar Stores Company common stock is owned by Tobacco Products Corporation.

Tobacco Products Corporation, at that company's approximate book value per share on December 31, 1929:

Class A —1,235,254 shares (55% of total)	
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Common —1,951,179 shares (59% of total)	
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Together —3,186,433 shares (58% of total) at \$9 each....	28,677,897.00
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The Union Tobacco Company, at nominal values:

Class A — 25,295 shares at \$1 each .....	25,295.00
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Common—133,730 shares at 50 cents each.....	66,865.00
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	36,840,421.90
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\$36,897,815.77
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**UNITED STORES CORPORATION**  
BALANCE SHEET—DECEMBER 31, 1929

**LIABILITIES**

NOTE PAYABLE TO BANK, due March 6, 1930.....	\$ 150,000.00
Secured by 5,000 shares United Cigar Stores Company of America Preferred stock and 25,000 shares Tobacco Products Corporation Class A stock	
<b>ACCOUNTS PAYABLE:</b>	
For organization expenses, etc.....	297,048.28
<b>CAPITAL AND INITIAL SURPLUS, per statement attached .....</b>	
	<b>\$36,472,724.34</b>
<b>Represented by:</b>	
\$6 Cumulative Convertible Preferred Stock, without par value, preferred over Class A and Common as to \$115 on dissolution:	
Authorized—1,000,000 shares	
Issued—357,409-26/100 shares*	
Note—Preferred dividends have accumulated from August 15, 1929.	
Class A Stock without par value, convertible, preferred over Common as to \$4.20 per annum, non-cumulative, and as to \$75 on dissolution:	
Authorized—5,000,000 shares	
Issued—896,642-123/420 shares*	
Note—In lieu of other compensation, options running to August 1, 1934 have been granted to the Corporation's principal executives to purchase 125,000 shares Class A Stock (including Warrants or their equivalent in Common Stock) at \$20 per share.	
Common Stock, without par value:	
Authorized—15,000,000 shares, including 3,671,241 shares reserved for conversion of Preferred and Class A Stocks	
Issued and held for issue—494,364-403/840 shares* including 448,321-123/840 shares reserved for issue against Warrants attached to Class A Stock exchangeable on or after January 1, 1931	
DEFICIT, per statement attached.....	21,956.85
	<hr/> <u>36,450,767.49</u>

\* Including shares reserved against outstanding certificates of deposit and scrip.

\$36,897,815.77

## UNITED STORES CORPORATION

### STATEMENT OF CAPITAL AND INITIAL SURPLUS

FROM ORGANIZATION OF THE CORPORATION,  
JUNE 8, 1929, TO DECEMBER 31, 1929  
AND FROM THEN TO JUNE 30, 1930

Total value assigned by the directors to securities acquired by the Corporation in exchange for its capital stocks issued and held for issue therefor per balance sheet at December 31, 1929

\$36,842,621.90

*Add*—Increase over 50 cents per share realized upon sale of 4,400 shares Common stock of The Union Tobacco Company

1,034.00

\$36,843,655.90

*Deduct:*

Cash paid to depositors of United Cigar Stores Company of America Preferred and Common stocks as adjustment in respect of dividends..... \$ 38,546.75

Organization expenses paid and incurred including organization tax, stock exchange listing fees, original issue taxes, depository's fees, printing stock certificates, legal expenses, etc. ..... 332,384.81

370,931.56

Capital and initial surplus, per balance sheet, December 31, 1929... \$36,472,724.34

*Add:*

Total value assigned by the directors to securities acquired by the Corporation during the six months ending June 30, 1930 in exchange for its capital stocks issued and held for issue therefor..... 458,995.35

Proceeds of scrip sold for cash..... 24.10

Increase over 50 cents per share realized upon sale of 125,600 shares Common stock of The Union Tobacco Company..

10,624.50

\$36,942,368.29

*Deduct:*

Additional organization expenses incurred ..... \$ 9,238.93

Cost of 7,600 shares \$6 Cumulative Convertible Preferred

Stock purchased and retired..... 292,103.32

301,342.25

Capital and initial surplus, per balance sheet, June 30, 1930..... \$36,641,026.04

## UNITED STORES CORPORATION

### STATEMENT OF DEFICIT

FROM ORGANIZATION OF THE CORPORATION,  
JUNE 8, 1929, TO DECEMBER 31, 1929  
AND FROM THEN TO JUNE 30, 1930

Period June 8, 1929 to December 31, 1929:

*Expenses:*

Transfer Agent's fees.....	\$15,000.00
Registrar's fees .....	3,918.51.
Other corporate expenses.....	2,033.96
Interest paid on loans.....	1,087.60
	<hr/>
	\$22,040.07

*Income:*

Interest received on bank balances.....	83.22
Deficit, per balance sheet, December 31, 1929.....	\$21,956.85

Period January 1, 1930 to June 30, 1930:

*Expenses:*

Transfer Agent's fees.....	\$ 5,833.30
Registrar's fees .....	3,086.50
Other corporate expenses.....	9,818.71
Interest paid on loans.....	5,727.11
	<hr/>
	\$24,465.62

*Income:*

Distributions received on dividend certificates for United Cigar Stores Company of America common stock.....	\$11,558.33
Interest on bank balances.....	462.27
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	\$12,020.60
Deficit, per balance sheet, June 30, 1930 .....	12,445.02
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	\$34,401.87

## **UNITED STORES CORPORATION**

### **AUDITORS' CERTIFICATE**

We have examined the books and accounts of United Stores Corporation for the period from date of incorporation, June 8, 1929, to June 30, 1930 and we certify that, in our opinion, the attached balance sheets as at December 31, 1929 and June 30, 1930 and the statements of the capital and initial surplus and of the deficit have been correctly prepared therefrom and fairly set forth the financial position of the company at December 31, 1929 and June 30, 1930 and the results of operations for the periods.

**PRICE, WATERHOUSE & CO.**

56 Pine Street,  
New York.  
July 30, 1930.

# TOBACCO PRODUCTS CORPORATION

## STATEMENTS OF PROFIT AND LOSS AND OF SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1929

### PROFIT AND LOSS

Lease rental, American Tobacco Company.....	\$2,500,000.00
Dividends received in cash on United Cigar Stores Company of America Common stock and on dividend certificates .....	3,037,944.36
Interest received .....	175,809.95
Miscellaneous income .....	1,128.82
	\$ 5,714,883.13
<i>Deduct:</i>	
Administrative expenses .....	\$ 177,895.12
Interest paid .....	276,554.45
Loss on sale of United Cigar Stores Company of America Common stock, representing excess of average share value over proceeds of sales in 1929.....	519,552.90
Sundry charges .....	19,244.93
	993,247.40
Profit before provision for Federal income tax .....	\$ 4,721,635.73
<i>Deduct</i> —Estimated provision for Federal income tax .....	147,000.00
Net profit for the year.....	<u>\$4,574,635.73</u>

### SURPLUS

Balance December 31, 1928, per annual report for that year.....	\$ 8,486,701.16
Net profit for year 1929 as above.....	4,574,635.73
	\$13,061,336.89
<i>Deduct</i> —Dividends paid in cash:	
On Class A Stock, three quarterly dividends at 1 3/4% .....	\$2,352,437.85
<i>Less</i> —Dividends on directors' shares.....	42.00
	\$2,352,395.85
On Common Stock, three quarterly dividends at 1 3/4% .....	3,461,427.20
	5,813,823.05
Balance .....	<u>\$ 7,247,513.84</u>
<i>Deduct:</i>	
Reduction of investment in Common stock of United Cigar Stores Company of America to basis of cost plus par value of stock dividends received, less average share value at date of sale of stock sold from time to time .....	\$4,018,678.02
Reduction of investment in other companies to estimated realizable value or to book value of net tangible assets ....	1,198,399.41
Other charges .....	1,066.61
	5,218,144.04
Surplus December 31, 1929 per balance sheet .....	<u>\$ 2,029,369.80</u>

## TOBACCO PRODUCTS CORPORATION

### BALANCE SHEET—DECEMBER 31, 1929

(Giving effect as at that date to the recapitalization approved by the stockholders at the annual meeting on June 25, 1930 and to the revaluation of assets as indicated.)

#### ASSETS

##### CURRENT ASSETS:

Cash in banks.....	\$ 245,703.57
Accounts receivable.....	6.80
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	\$ 245,710.37

##### INVESTMENTS:

United Cigar Stores Company of America common stock, at that company's approximate book value per share on December 31, 1929:

3,882,060½ shares, at \$3.50 per share.....	\$13,587,211.75
82,250 shares represented by dividend certificates repurchased, at \$3.50 per share.....	287,875.00
	<hr/>
	13,875,086.75
Securities of other companies, at estimated realizable value or at book value of issuing company's net tangible assets... \$ 114,211.89	
Company's Class A stock (directors' qualifying shares) at cost .....	520.00
	<hr/>
	114,731.89

AMERICAN TOBACCO COMPANY NINETY-NINE-YEAR LEASE (\$2,500,000 annually) maturing November 1, 2022, at commutation value per the lease.....

36,791,118.47

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\$51,026,647.48

## TOBACCO PRODUCTS CORPORATION

BALANCE SHEET—DECEMBER 31, 1929

(Giving effect as at that date to the recapitalization approved by the stockholders at the annual meeting on June 25, 1930 and to the revaluation of assets as indicated.)

### LIABILITIES

#### CURRENT LIABILITIES:

Demand loan, Guaranty Trust Company of New York, secured by 307,027 shares United Cigar Stores Company of America common stock and all dividend certificate holdings .....	\$ 1,150,000.00
Accrued interest payable.....	1,341.71
Sundry accounts payable.....	25,892.70
Reserve for Federal income tax.....	174,780.80
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	\$ 1,352,015.21

#### CAPITAL STOCK AND CAPITAL SURPLUS:

Class A Stock, \$1.40 per annum non-cumulative, without par value:

Authorized—2,467,700 shares

Issued —2,240,462½ shares, at \$5 each..... \$11,202,312.50

Common Stock, without par value:

Authorized—5,000,000 shares

Issued —3,296,652½ shares, at \$5 each..... 16,483,262.50

Capital Surplus .....

19,959,687.47

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47,645,262.47

SURPLUS, per statement attached.....

2,029,369.80

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\$51,026,647.48

**UNITED CIGAR STORES COMPANY OF AMERICA**  
**and Subsidiary Companies**

CONSOLIDATED BALANCE SHEET—DECEMBER 31, 1929

(Giving effect as at that date to the recapitalization approved by the stockholders at the annual meeting on May 28, 1930 and to reduction of goodwill and leaseholds to \$1)

ASSETS

CURRENT ASSETS:

Cash in banks, on hand and in transit.....	\$ 4,826,514.76
Call loans .....	1,700,000.00
Marketable securities at cost.....	1,526,645.61
(Market value December 31, 1929—\$1,777,000.00)	
Notes receivable .....	\$ 111,853.70
Accounts receivable .....	2,289,719.72
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	\$2,401,573.42
Less—Reserve for bad debts.....	42,984.45
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Inventories at cost, less contingent reserve for unsalable merchandise .....	2,358,588.97
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	12,135,399.65
	<hr/>
	\$22,547,148.99

INVESTMENTS AND ADVANCES:

Securities of other companies.....	\$ 6,920,617.21
Advances to other companies.....	2,855,038.73
Mortgages receivable .....	3,098,338.00
Cash and securities held for employees' pension fund .....	219,051.27
Debenture sinking fund cash and deposits for retirement of mortgages payable .....	55,653.19
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	13,148,698.40

REAL ESTATE:

Land and buildings owned in fee, at cost, less reserve for depreciation of buildings and reserve for reduction to values at June 30, 1929 as appraised by company's real estate staff .....	\$ 29,728,263.08
Improvements to leaseholds, less amortization .....	7,300,153.04
Store improvements and building construction in progress .....	505,550.23
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FURNITURE, FIXTURES AND EQUIPMENT.....	\$ 7,354,607.58
Less—Reserve for depreciation.....	2,917,183.41
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	37,533,966.35
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	4,437,424.17

DEFERRED CHARGES:

Prepaid insurance, taxes, etc.....	\$ 404,748.68
Rents paid in advance.....	333,310.59
Unamortized lease bonuses and commissions.....	1,047,384.47
Unamortized discount on funded debt.....	543,676.20
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GOODWILL AND LEASEHOLDS .....	2,329,119.94
	<hr/>
	1.00

\$79,996,358.85

**UNITED CIGAR STORES COMPANY OF AMERICA**  
**and Subsidiary Companies**

**CONSOLIDATED BALANCE SHEET—DECEMBER 31, 1929**

(Giving effect as at that date to the recapitalization approved by the stockholders at the annual meeting on May 28, 1930 and to reduction of goodwill and leaseholds to \$1)

**LIABILITIES**

**CURRENT LIABILITIES:**

Notes payable to trade and real estate creditors.....	\$ 1,006,134.71
Accounts payable and sundry accruals.....	7,345,413.95
Accrued interest on mortgages and debentures.....	447,271.36
Provision for loss on guaranteed obligations.....	371,868.38
Reserve for outstanding premium certificates.....	1,199,744.36
Reserve for Federal income tax.....	100,000.00
	<b>\$10,470,432.76</b>

**DEFERRED LIABILITIES AND RESERVES:**

Advance rentals and tenants' security deposits.....	\$ 914,559.14
Deferred discounts and participations of others in respect of mortgages receivable .....	152,188.26
Reserves for building construction on leaseholds.....	155,327.09
Reserve for employees' pension fund.....	219,051.27
Reserve for contingencies.....	1,712,027.76
	<b>3,153,153.52</b>
MINORITY INTEREST IN COMMON STOCK OF WHELAN DRUG CO., INC. AT STATED VALUE .....	5,000.00

**FUNDED AND MORTGAGE DEBT:**

Twenty-year 5½% sinking fund gold debentures due 1949:	
Issued .....	\$10,000,000.00
Less—Retired through sinking fund and in treasury .....	224,500.00
	<b>\$ 9,775,500.00</b>
Ten-year 6% convertible sinking fund gold notes due 1938, Whelan Drug Co., Inc.....	\$ 2,000,000.00
Less—in treasury of United Cigar Stores Company .....	100,000.00
	<b>1,900,000.00</b>
Real estate mortgages.....	16,476,905.80
	<b>28,152,405.80</b>

**CAPITAL STOCK AND CAPITAL SURPLUS:**

Preferred Stock 6% cumulative:	
Authorized—500,000 shares of \$100 par value	
Issued—200,000 shares .....	\$20,000,000.00
Less—8,000 shares retired through purchase fund and in treasury .....	800,000.00
	<b>19,200,000.00</b>

Common Stock:

Authorized—6,000,000 shares without par value	
Issued—5,422,804.437 shares at \$1 each.....	\$ 5,422,804.44
Less—146,388.5 shares in treasury.....	146,388.50
	<b>\$ 5,276,415.94</b>
CAPITAL SURPLUS .....	13,047,122.43
	<b>18,323,538.37</b>
SURPLUS, per statement attached.....	691,828.40
	<b>\$79,996,358.85</b>

**UNITED CIGAR STORES COMPANY OF AMERICA**  
**and Subsidiary Companies**

**CONSOLIDATED STATEMENTS OF PROFIT AND LOSS**  
**FOR THE YEAR 1929**

	Six months ending June 30, 1929	Six months ending December 31, 1929	Year 1929
<b>STORE OPERATIONS:</b>			
Sales .....	\$40,416,286.91	\$44,262,270.72	\$84,678,557.63
Cost of merchandise sold.....	28,641,931.18	32,408,738.22	61,050,669.40
Gross profit .....	<u>\$11,774,355.73</u>	<u>\$11,853,532.50</u>	<u>\$23,627,888.23</u>
Other store operating income.....	2,032,713.01	2,059,534.32	4,092,247.33
Gross profit and other store operating income .....	<u>\$13,807,068.74</u>	<u>\$13,913,066.82</u>	<u>\$27,720,135.56</u>
Store operating and depot expenses.....	\$13,067,475.19	\$12,540,406.51	\$25,607,881.70
Administrative and general expenses.....	1,888,386.31	1,647,991.86	3,536,378.17
	<u>\$14,955,861.50</u>	<u>\$14,188,398.37</u>	<u>\$29,144,259.87</u>
Result of store operations ( <i>Loss</i> ).....	<u><u>\$ 1,148,792.76</u></u>	<u><u>\$ 275,331.55</u></u>	<u><u>\$ 1,424,124.31</u></u>
<b>PROPORTION OF LOSS OF HAPPINESS CANDY STORES, INC. AND ITS SUBSIDIARY COMPANIES APPLICABLE TO UNITED'S STOCKHOLDINGS IN THAT COMPANY .....</b>	<u><u>\$ 123,194.92</u></u>	<u><u>\$ 62,270.46</u></u>	<u><u>\$ 185,465.38</u></u>
<b>REAL ESTATE AND FINANCIAL OPERATIONS:</b>			
Profit on operation of fee and leasehold properties before charging interest on mortgages and debentures.....	\$ 1,116,117.99	\$ 1,215,521.96	\$ 2,331,639.95
Interest on mortgages, call loans, bank balances, etc. .....	297,640.50	235,053.89	532,694.39
Profit on sale of securities, on basis of cost..	170,828.88	2,811,300.77	2,982,129.65
Profit on mortgages sold or matured.....	27,418.88	28,820.31	56,239.19
Net profit on sales of leaseholds and real estate (as to the last six months' period based on company's appraised values of real estate) .....	7,999.05	55,947.93	63,946.98
Dividends received on securities.....	365,537.08	201,706.34	567,243.42
Miscellaneous income .....	.....	61,493.14	61,493.14
	<u>\$ 1,985,542.38</u>	<u>\$ 4,609,844.34</u>	<u>\$ 6,595,386.72</u>
<b>Less :</b>			
Interest on real estate mortgages.....	\$ 509,693.18	\$ 475,291.04	\$ 984,984.22
Interest on debentures and gold notes..	312,882.95	331,893.75	644,776.70
Amortization of discount on twenty-year debentures, less profit on debentures retired through sinking fund.....	9,555.50	215.02	9,340.48
Interest on bank loans, tenants' deposits, etc. .....	115,146.18	101,173.24	216,319.42
Appropriated to reserve for contingencies .....	.....	149,851.40	149,851.40
Sundry charges .....	18,328.09	15,566.40	33,894.49
	<u>\$ 965,605.90</u>	<u>\$ 1,073,560.81</u>	<u>\$ 2,039,166.71</u>
Result of real estate and financial operations .....	<u><u>\$ 1,019,936.48</u></u>	<u><u>\$ 3,536,283.53</u></u>	<u><u>\$ 4,556,220.01</u></u>
Combined result before provision for Federal income tax.....	\$ 252,051.20	\$ 3,198,681.52	\$ 2,946,630.32
Provision for Federal income tax.....	.....	100,000.00	100,000.00
Net loss or profit.....	<u><u>\$ 252,051.20</u></u>	<u><u>\$ 3,098,681.52</u></u>	<u><u>\$ 2,846,630.32</u></u>

**UNITED CIGAR STORES COMPANY OF AMERICA  
and Subsidiary Companies**

**CONSOLIDATED STATEMENT OF SURPLUS  
FOR THE SIX MONTHS ENDING DECEMBER 31, 1929**

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Deficit, June 30, 1929, per Special Report to Stockholders, dated January 9, 1930.....	\$ 776,286.01
Net profit for six months ending December 31, 1929, per Statement attached .....	3,098,681.52
Balance, surplus .....	\$2,322,395.51
Add—Discount on 6% preferred stock retired through purchase fund....	13,850.00
	\$2,336,245.51
<i>Less</i> —Dividends paid:	
On 6% preferred stock, August 1, 1929.....	\$ 288,900.00
On common stock, October 1, 1929.....	1,355,517.11
Surplus December 31, 1929, per balance sheet .....	\$ 691,828.40





